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April 13, 2005

RECEIVED

APR 13 2005

PUBLIC SERVICE
COMMISSION

Ms. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602-0615

Re: Request of Airview Estates, Inc. to Modify Construction Schedule for Plant
Improvements Financed Through a Customer Surcharge; Case No. 2005-00050

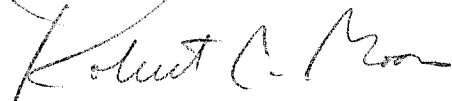
Dear Ms. O'Donnell:

Please find enclosed for filing in the above referenced case, the original and 10 copies of
the following documents:

- 1) Response to Public Service Commission's Order of February 14, 2005.

Thank you for your attention in this matter.

Yours truly,


Robert C. Moore

cc: Larry Smither
Enclosures
RCM/edl

RECEIVED

APR 13 2005

PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

REQUEST OF AIRVIEW ESTATES,) Case No. 2005-00050
INC. TO MODIFY CONSTRUCTION)
SCHEDULE FOR PLANT)
IMPROVEMENTS FINANCED)
THROUGH A CUSTOMER SURCHARGE)

**RESPONSE TO PUBLIC SERVICE COMMISSION'S
ORDER OF FEBRUARY 14, 2005**

Comes Covered Bridge Utilities, Inc. ("Covered Bridge"), by counsel, and for its Response to the Public Service Commission's ("Commission") Order of February 14, 2005, states as follows.

1. On September 1, 2004, Elizabethtown Utilities, LLC ("Elizabethtown Utilities"), entered into a Management Agreement with Airview Estates, Inc. whereby Elizabethtown Utilities agreed to operate the Airview Estates Wastewater Treatment Plant ("WWTP"). Prior to the execution of this Management Agreement, Covered Bridge performed repairs needed at the Airview Estates WWTP when requested by the operator of the Airview Estates WWTP.

2. In June of 2004, the Commission approved a rate increase for the Airview Estates WWTP and also approved a surcharge in order to allow Airview Estates to accumulate the needed funds to perform major repairs to the treatment plant and the remote lift station. See Case No. 2003-00494. The Commission further specified the improvements for which the surcharge proceeds could be used and the schedule on which the improvements should be made.

3. On January 13, 2005, Lawrence W. Smither forwarded a letter to Beth O'Donnell, Executive Director of the Commission, requesting permission to change the schedule order so that

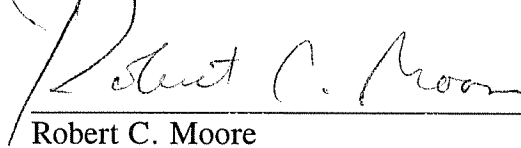
repairs to the blower motor assembly at the Airview Estates WWTP and the diffuser drops could be made prior to the purchase and installation of new pumps for the remote lift station, as the existing pumps are currently working satisfactorily. See Exhibit B. When Mr. Smither forwarded this letter to Executive Director O'Donnell, he inadvertently sent the letter out on Covered Bridge stationery rather than Elizabethtown Utilities stationery.

4. On February 14, 2005, the Commission entered an Order, concerning the request to change the order of repairs to be made to the Airview Estates WWTP. The February 14, 2005 Order required Covered Bridge to file its Management Agreement with Airview Estates and to file other documentary evidence demonstrating that Airview Estates had the authority to submit its request to modify the scheduling order.

5. Pursuant to the Commission's February 14, 2005, Order,, the Management Agreement entered in to by and between Airview Estates and Elizabethtown Utilities is attached as Exhibit A. Additionally, a letter dated April 1, 2005 forwarded by Fred Schlatter, the President of Airview Estates, and which confirms that Elizabethtown Utilities was and remains authorized to contact the Commission and request the modification to the subject scheduling order, is attached as Exhibit B. Finally, the Pre-Filed Testimony of Lawrence W. Smither confirming that Elizabethtown Utilities had the authorization to request the modification to the construction schedule because it was in the best interest of the efficient operation of the Airview Estates WWTP is attached as Exhibit C.

Again, it should be noted that Elizabethtown Utilities was requesting the modification to the scheduling order instead of Covered Bridge, as mistakenly indicated in Mr. Smither's letter of January 13, 2005 to Executive Director O'Donnell.

Respectfully submitted,



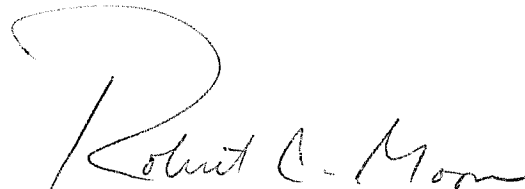
Robert C. Moore
Hazelrigg & Cox, LLP
415 West Main Street
P.O. Box 0676
Frankfort, Kentucky 40602-0676

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed by first class mail, postage prepaid, on this 13th day of April, 2005 on:

Beth O'Donnell, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

David E. Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40601



Robert C. Moore

MANAGEMENT AGREEMENT

Come the Parties, Airview Estates, Inc., and Elizabethtown Utilities, LLC, (hereinafter "Elizabethtown Utilities"), on this the 25th day of August, 2004, and hereby enter into the following agreement.

WHEREAS, Airview Estates, Inc., owns and operates the Airview Estates Subdivision Wastewater Treatment Plant and collection system (hereinafter "Wastewater System") located in Hardin County, Kentucky.

WHEREAS, Airview Estates, Inc., wishes Elizabethtown Utilities to operate and manage the Wastewater System pending the negotiation of an Assets Purchase Agreement to be entered into by and between Airview Estates, Inc., and Elizabethtown Utilities whereby Airview Estates will transfer and convey said Wastewater System to Elizabethtown Utilities.

NOW THEREFORE, in consideration of the premises stated above and below, the parties to this agreement hereby agree to the following terms.

1. Beginning September 1, 2004, Elizabethtown Utilities shall undertake to perform the services necessary to manage and operate said Wastewater System, including but not limited to the following services: daily inspection of the facility, in plant testing, process control adjustments, application of chemicals as needed, performance of daily maintenance and repairs as needed, and obtain the services of a private laboratory to perform the required analysis to comply with the requirements of the KPDES permit and forward the necessary discharge monitoring reports to the Division of Water. Elizabethtown Utilities is to be paid a fee of \$1,00.00 a month by Airview Estates for performing these services.

2. Airview Estates agrees to forward and provide to Elizabethtown Utilities all bill and invoices for services provided on or after September 1, 2004, by utilities, chemicals, laboratory costs and materials required for the operation and maintenance of the said Wastewater System during the term of this management agreement, as well as bills or invoices for hauling of excess sludge performed on or after September 1, 2004, as necessary to operate said Wastewater System in accordance with the requirements of the KPDES permit issued to Airview Estates.

3. Airview Estates agrees to continue to bill its customers and clients for the wastewater treatment services during the term of this management agreement and to deposit all of said receipts from this billing into the Airview Estates checking account, No. _____ at _____ (name of bank), and Elizabethtown Utilities shall be provided with the checkbook for said account and have signatory authority on this account so that it can pay the bills incurred in managing and operating the wastewater treatment plant as set forth in Paragraph 2 above. Airview Estates agrees to provide Elizabethtown Utilities with a report at the end of each month reflecting the customers and clients whose accounts are overdue, and whose accounts have been paid, and Elizabethtown Utilities agrees to provide a monthly report to Airview Estates. The account shall only be used for this purpose, except to the extent that any balance in said account of September 1, 2004, may be used to pay expenses incurred in operating the

wastewater treatment plant prior to that date.

4. Elizabethtown Utilities shall not be liable for vandalism or damage resulting from breaking and/or entering said wastewater treatment site or to said wastewater treatment system.

5. Airview Estates shall retain all liability for all objections, claims or causes of action arising from the operation of said Wastewater System, including but not limited to fines or penalties, and objections, causes of action or claims due to noises, odors, effluent, frothing or other peculiarities inherent to such a system.

6. All of the terms agreed to by the parties are set forth in this agreement, and this Agreement shall not interpreted to incorporate or include terms not set forth here in.

7. This Agreement shall be govern by Kentucky Law and each of the parties hereto agrees that it and its attorneys have reviewed the language.

#8. NO BILLS OR INVOICES TO BE PAID BY

FRED SCHLATTER

Airview Estates, Inc.

By: *[Signature]*

Date and Title: *8-25-04*

Elizabethtown Utilities, LLC

By: *[Signature]*

Date and Title: *8/25/2004*

April 1, 2005

Via facsimile: 502-241-7943
Larry Smither
Elizabethtown Utilities, LLC
1706 Bardstown Road
Louisville, Kentucky 40205

Re: Management Agreement by and between Airview Estates, Inc., and Elizabethtown Utilities, LLC

Dear Larry:

As we have discussed, the Public Service Commission has imposed a construction schedule requiring certain repairs to be made at the Airview Estates Wastewater Treatment Plant and the remote lift station to same within a certain time frame. I have attached a copy of the Staff Report from Case No. 2003-000494 which contains the subject repair schedule. It is my understanding that during the management of the Airview Estates Wastewater Treatment Plant that you determined that it would be advisable to slightly modify the construction schedule so that the 2 Blower Motors and Control Panel and the Diffuser Drops and Diffusers would be installed prior to the new pumps at the remote lift station. It is also my understanding that the Public Service Commission needs confirmation that you are authorized to request this modification to the construction schedule. Accordingly, I am confirming that Elizabethtown Utilities, LLC was and remains authorized to contact the Public Service Commission and request that the subject construction schedule be modified.

Please call me if you have any questions concerning this matter.

Sincerely,



Fred Schlatter
President, Airview Estates, Inc.

RCM/edl

ATTACHMENT B
STAFF REPORT CASE NO. 2003-000484
STAFF'S RECOMMENDED REPAIR SCHEDULE

Repair Description	Estimated Repair Costs		Accumulated Purchase Orders	Month Construction to Begin ¹
	Itemized Costs	Approximated Costs		
1) Rebuild Lift Station (Guide Rail, Pumps, & Control Panel)	\$ 22,552	\$ 22,552	\$ 23,143.47	7
2) 2 Blower Motors & Control Panel	11,003	34,445	33,286.31	11
3) 13 1/2 Diffuser Drums with 30" Diffusers	4,145	38,580	39,674.52	12
4) Pump-Out & Dispose of Lagoon Sludge	75,000	113,580	115,717.35	35
5) Video Inspection of Main	5,400	118,980	118,980.00	38
Totals	\$ 118,980	\$ 118,980	\$	38

¹ The Month construction is scheduled to begin is from the date of the Final Order.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION RECEIVED

In the Matter of:

APR 4 2005

REQUEST OF AIRVIEW ESTATES, INC.)
TO MODIFY CONSTRUCTION)
SCHEDULE FOR PLANT IMPROVEMENTS)
FINANCED THROUGH A CUSTOMER SURCHARGE)

Case No. 2005-00050
COMMISSION

PRE-FILED TESTIMONY OF LAWRENCE W. SMITHER

1. What is your name and business address?

Answer: My name is Lawrence W. Smither and I am a member of Elizabethtown Utilities, LLC. The address of Elizabethtown Utilities, LLC, is 1706 Bardstown Road, Louisville, Kentucky, 40205.

2. Has Elizabethtown Utilities, LLC, entered into a Management Agreement with Airview Estates, Inc.?

Answer: Yes. On August 25, 2004, Airview Estates, Inc, and Elizabethtown Utilities, LLC, entered into a Management Agreement whereby, starting September 1, 2004, Elizabethtown Utilities, LLC, was to perform the services necessary to manage and operate the Airview Estate Wastewater Treatment Plant and System, which included performing the following services: daily inspection of the facility, in-plant testing, process control adjustments, application of chemicals as needed, performance of daily maintenance and repairs as needed, and obtain the services of a private laboratory to perform the required analysis to comply with the requirements of the KPDES permit and forward the necessary discharge monitoring reports to the Division of

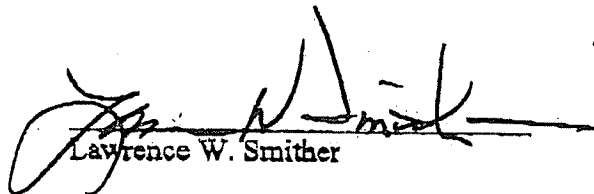
services of a private laboratory to perform the required analysis to comply with the requirements of the KPDES permit and forward the necessary discharge monitoring reports to the Division of Water.

3. Was Elizabethtown Utilities, LLC, authorized by Airview Estates, Inc., to request the modification to the construction schedule established in Case No. 2003-00494.

Answer: Yes, Elizabethtown Utilities, LLC, was authorized to request the modification to the construction schedule established in Case No. 2003-00494, because it was in the best interest of the efficient operation of the Airview Estates WWTP.

4. Does this conclude your testimony?

Answer: Yes.

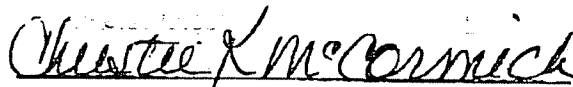

Lawrence W. Smither

STATE OF KENTUCKY

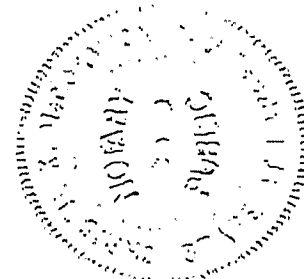
COUNTY OF Oldham

SUBSCRIBED AND SWORN to and acknowledged before me by Lawrence W. Smither, this the 1st day of April, 2003.

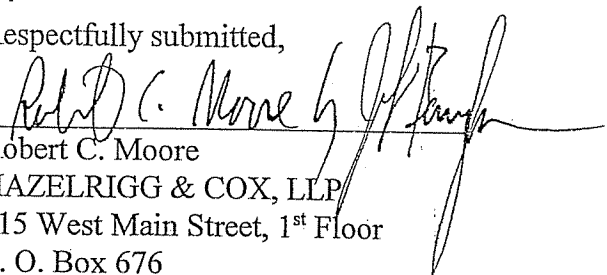
My Commission expires: 5-21-2005.



NOTARY PUBLIC



Respectfully submitted,

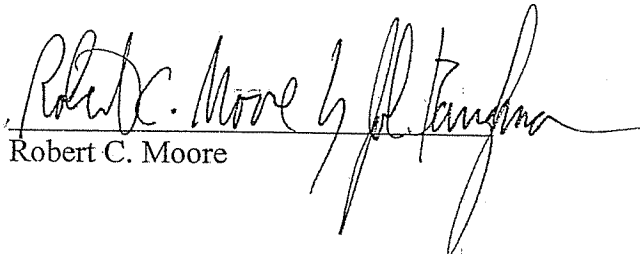

Robert C. Moore

HAZELRIGG & COX, LLP
415 West Main Street, 1st Floor
P. O. Box 676
Frankfort, Kentucky 40602-0676
(502) 227-2271

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was filed by first class mail, postage prepaid, on this 4th day of April, 2005, on:

Beth O'Donnell, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602


Robert C. Moore